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GOVERNMENT OF MADRAS

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BUDGET SPEECH
1963-64

Sri M. Bhaktavatsalam
Finance Minister

1st March 1963

GOVERNMENT OF MADRAS

FINANCE DEPARTMENT

Speech of Sri M. Bhaktavatsalam, Finance Minister, presenting the Budget for 1963–64 *to the Madras Legislature on* 1*st March* 1963.

Sir,

I rise to present the Budget Estimates for 1963–64. **Introduction.**
The Accounts for 1961–62 and the Revised Estimates for 1962–63 are also before the House. While presenting my first Budget after the General Elections I had indicated that on the basis of preliminary actuals then available the Revenue Deficit for 1961–62 might be of the order of Rs 8,50 lakhs. The final figures for the year now before us disclose a higher revenue deficit of Rs 9,61 lakhs. The Budget Estimates for 1962–63 presented to the Legislature in June last had envisaged a revenue deficit of Rs 2,86 lakhs after taking credit for the additional taxation measures announced in that Budget. The Revised Estimates for the year now presented to the House reveal that the deficit for the current year would be more or less at the level originally anticipated and it would in fact be Rs 2,92 lakhs. We will realise in 1963–64 the full yield from all the measures of additional taxation agreed to by the House. But even so, the estimates before the House disclose a revenue deficit of Rs 2,74 lakhs.

Impact of National Emergency on Budget.

2. The Budget Estimates now presented to this House reveal in a measure the combined impact on the State Budget of the National Emergency and the increasing tempo of execution of Plan schemes. The unprovoked aggression on our frontiers has underlined the need for this country to increase its defence potential and remain in a state of preparedness against aggression from any quarter. It is of course primarily the responsibility of the Central Government to take measures for the defence of the country against aggression and I have no doubt that the nation will not grudge the additional burdens on account of increased expenditure on national defence. The State Governments have also an important part to play in assisting the Central Government in building up the defence potential of the country. It should not therefore be surprising that the National Emergency has left its mark also on the State Budget both on the expenditure side and on the revenue side.

3. While presenting the First Supplementary Estimates for the current year to the House last month, I had occasion to refer briefly to some of the additional items of expenditure entailed by the National Emergency. Ever since we embarked on a programme of economic development through successive Five-Year Plans, we have sought to keep non-development expenditure to the minimum and thus conserve all our resources for developmental schemes. We have, in particular, kept well under control our expenditure on General Administration and the Police. But the present National Emergency has brought home to us the need for the strengthening of our Police forces, particularly the Special Armed Police and the Armed Reserve. The Police can assist in the defence effort of the country by maintaining

internal order and peace and also by taking over, if needed, certain tasks from the troops in the forward areas. We have therefore sanctioned additional funds for the strengthening of the Police force and for providing it with better equipment and transport. The House is also aware that we have taken steps to constitute Home Guards in select urban areas. The additional expenditure on account of these schemes for internal security is estimated to be of the order of Rs 85 lakhs in 1963–64 and this is fully reflected in the upward revision of gross appropriation for Police from Rs 6,98 lakhs in the Budget Estimates for 1962–63 to Rs 8,11 lakhs in 1963–64. The steps we have taken for the raising of additional Companies of National Cadet Corps in colleges will also entail additional expenditure and the provision on this account in the coming year will be about Rs 57 lakhs. It is difficult to forecast in the present context what further commitments we may have to assume as the situation unfolds itself. There are, for example, suggestions that the Home Guards Scheme should be enlarged in scope and coverage. The House should therefore bear in mind the possibility of further expenditure on programmes relating to the defence effort.

4. The diversion of larger resources for defence has also affected the assistance we are normally getting from the Government of India for the fulfilment of the Plan. The reduction of Central assistance to the States for Plan schemes in the next year from about Rs 450 crores to Rs 400 crores was not unexpected. We should normally have secured Central assistance to the extent of at least Rs 35·4 crores as loans and grants for our Plan in 1963–64 but the assistance now indicated is of the order of only Rs 31·3 crores,

Reorientation of the Budget.

5. In spite of the difficulties and the problems created by the National Emergency, we cannot afford to slacken our efforts at improving the socio-economic conditions of our people on the lines envisaged in our Plan, because it is only through economic development that we can strengthen the defence potential of the country. The demands of national defence will in fact call for larger investments in schemes for agriculture and industrial production and in economic overheads such as Power and Transport. Some Plan schemes of low priority may have to be recast or slowed down but the point I would like to stress is that the Plan in its essentials will have to be fulfilled if we are to create conditions in which our defence forces can face the enemy on even terms. This is the lesson to be learned from the experience of advanced nations like U.S.A., Britain and Soviet Union whose defence structures have been built around strong economic bases. The pattern of development outlined in the State's Third Five-Year Plan is largely production-oriented. Of the total Plan outlay of Rs 291 crores, sectors like Power, Agriculture, Industries, Major and Minor Irrigation and Technical Education account for Rs 195 crores. We have now made a further review of our Plan programmes in the light of the National Emergency and have laid greater stress on schemes for augmenting production—agricultural and industrial. We have also taken steps for accelerating schemes for training of technical personnel who are needed in such large numbers for defence forces and for defence-oriented industries. Larger allocations have been made for Agriculture, Minor Irrigation, Power, Technical Education and Craftsmen Training Schemes. We have not at the same time hesitated to prune somewhat the provision for schemes like housing in view of the need to conserve our resources

and also scarce materials like cement and steel. We have reviewed our building programmes in general and have deferred or slowed down the construction of administrative buildings and staff quarters, and have diverted the funds so saved for essential developmental schemes closely connected with the defence efforts of the country. The Plan for 1963–64 presented along with the Budget reflects fully the relative priorities in the present context and I have no doubt that the House will approve of the Plan as reoriented.

Agricultural Production.

6. I need not emphasise the importance of agricultural production in the present context. The yield from agriculture constitutes almost half of our national income and any significant improvement in national income, and therefore in standards of living of our people, can accrue only through increased agricultural production. It is only by intensifying production in this vital sector that we can ensure self-sufficiency in food and raw materials for our growing industries. In 1961–62, the first year of the Plan, production of foodgrains recorded an increase of about 2·3 lakhs of tons. This is no doubt heartening, but there is no room for complacency as the target for the Third Plan period is an additional production of nearly 17 lakhs of tons. For realising this target we depend largely on increased use of fertilisers and the House will therefore be glad to know that there has been noticeable improvement in supplies of fertilisers in the current year. The quantity of fertilisers made available to the agriculturists in 1961–62 was about 1·6 lakhs of tons in terms of ammonium sulphate. In the current year, up to the end of January, a quantity of 2·03 lakhs of tons was made available to them. There are indications that the present improvement in supplies of fertilisers will continue in the coming year and that with fresh

arrivals we may have a carry-over of 90,000 tons at the close of the financial year. In view of the improved supply position, instructions have been issued for relaxation of some of the present quantitative restrictions on the issue of fertilisers.

Local Manurial Resources.

7. The House is aware of the schemes in progress for stepping up production of rural and urban composts. It is anticipated that in the current year 31 lakhs of tons of rural compost will be produced as against 28 lakhs of tons in the previous year. We are aiming at a target of 36 lakhs of tons for the next year and, having regard to the close interest which the Panchayat Unions have evinced in the programme, it should not be difficult to realise the target. We are also taking measures to step up the distribution of green manure seeds from about 2,750 tons to 3,000 tons in 1963–64. The work relating to procurement and distribution of green manures has been entrusted to the Panchayat Unions with necessary financial assistance.

Improved seeds.

8. Another important scheme for augmenting the production of foodgrains is the supply of improved seeds. For this purpose, we have set up a net work of State Seed Farms. We hope to establish 40 new State Seed Farms in the current year and 34 Farms in the next. Many of the seed farms established in previous years are also progressively stabilising themselves. The improved primary seeds are to be multiplied at the village level through specially chosen farmers designated as Gramasahayaks. The responsibility for supervising the whole operation has been entrusted to the Panchayats. While presenting my last Budget, I had referred to the need for tackling the problems of storage and credit involved in the successful implementation of the scheme. Provision

has since been made for loan assistance to the ryots through co-operatives, for buying improved seeds from the Gramasahayaks immediately after the harvest. In order to encourage ryots to become members of co-operative societies and avail themselves of the benefits of this scheme, loans will also be sanctioned towards share capital.

Package Programme for cotton.

9. Equal importance has also to be attached to increased production of commercial crops like cotton and oil seeds. Government have very recently sanctioned a package programme for the production of raw cotton. The programme which will cost about Rs 12·5 lakhs will cover an area of 30,000 acres of winter cambodia and 30,000 acres of summer cambodia in compact blocks in Coimbatore and Ramanathapuram districts. Provision has been made for the grant of short-term loans for supply of fertilisers in kind and for the grant of subsidies on pesticides.

Package Programme for groundnut.

10. We have also initiated measures for raising the level of production of groundnut, our most important oil seed crop. Members are aware that we have introduced a package programme for groundnut in South Arcot district in an area of about 20,000 acres. This programme will now be extended over an additional area of 80,000 acres at a cost of Rs 27 lakhs spread over a three-year period. The programme in 1963–64 will cover an extent of 20,000 acres in Cumbum, Uthamapalayam and Bodi Blocks in Madurai district and another 20,000 acres in parts of Pollachi and Coimbatore taluks in Coimbatore district. In 1964–65, the programme will be extended to cover 20,000 acres in Kandamangalam, Vikravandi and Koliyanur Blocks in South Arcot district and 20,000 acres in Sathanur Project area in North Arcot district. The scheme

provides for supply of improved seeds, balanced manure mixtures and plant protection materials. Pesticides will also be supplied at half cost.

11. Honourable Members will agree that while the Government can provide all the necessary facilities, increased production will depend ultimately upon the zeal and energy shown by millions of farmers over the country side. During the present National Emergency, we have seen concrete evidence everywhere of the unity, patriotism and determination of our people. It is now up to us to canalise this enthusiasm of the people towards the achievement of higher goals of production in Agriculture.

Panchayat Development.

12. In thus galvanising our farmers and mobilising their energies and resources for stepping up Agricultural production, the Panchayat Unions and Panchayats have an important part to play. During the last two years, these democratic organisations have taken keen interest in public affairs and in implementing the schemes of development entrusted to them. They have in particular been keen on the provision of basic amenities to the villagers with the assistance made available by the Government and with public contributions. We are alloting sufficient funds for enabling them to continue this good work. For 1963-64, we have provided Rs 1,40 lakhs for provision of water supply, Rs 1,29 lakhs for construction of link roads and Rs 30 lakhs for construction of school buildings.

13. I would now appeal to the Panchayats and Panchayat Unions to show the same degree of interest in implementing the Agricultural Programmes in the situation now facing the Country. We are providing Rs 69 lakhs as grants to Panchayat Unions

for Agricultural Programmes in 1963–64. The Village Volunteer Labour Force now being raised in all rural areas should dedicate themselves to this task of raising the level of productivity in Agriculture. This is by far the most effective way in which people in rural areas can contribute to the Defence Effort of the Nation.

14. Among the various schemes for Agricultural Production, special stress has now been laid on schemes yielding quick results in the short run. The House is aware of the continuing interest which the State Government has shown in implementing Minor Irrigation Programmes. Of a total allocation of Rs 12·80 crores for Minor Irrigation Programmes in the Third Plan period, we had spent Rs 2,98 lakhs in 1961–62. We had raised this to Rs 3,12 lakhs in the current year's original estimates and are now stepping it up further to Rs 3,65 lakhs for the next year. We have, in particular, provided in this Budget Rs 97 lakhs as loans and Rs 16 lakhs as grants for the New Well Subsidy Schemes. We have also stepped up the provision for grant of loans for purchase of pump-sets from Rs 17·4 lakhs in 1962–63 to Rs 22·16 lakhs in 1963–64. 245 Oil Engines and 1,800 Electric Motors will be distributed under the scheme. While we incur expenditure on this large scale on improvement of Minor Irrigation sources, we should also ensure that the current maintenance of these sources which occupy such an important place in the rural economy of our State is not in any way neglected. The maintenance of most of these Minor Irrigation sources has now been vested with the Panchayat Unions and I have no doubt that they will realise their responsibilities in this regard and take all steps necessary for the proper maintenance of these sources. We are providing Rs 27 lakhs as Local Irrigation

Minor Irrigation.

grant to the Panchayat Unions for the proper upkeep of the Minor Irrigation sources transferred to them for management.

Major and Medium Irrigation.

15. Our Major and Medium Irrigation Projects are also making satisfactory progress. The biggest project now under execution in the State is the Parambikulam-Aliyar Project, which will provide Irrigation eventually for 2·4 lakhs of acres in Coimbatore district. The Aliyar Dam has been completed and water was made available in the current year for Irrigating about 7,500 acres. We have made a provision of about Rs 4,62 lakhs for this project in the Budget Estimates of 1963–64. A provision of Rs 17·65 lakhs has been made in the Budget Estimates for improvements to Palar Anicut and Channels and Rs 8·45 lakhs for Sathanur Project Second Stage. Of the other Medium Irrigation Schemes included in the Third Five-Year Plan period, Manjalar Scheme in Madurai district and the Gomukinadhi Scheme in South Arcot district have been sanctioned at a cost of Rs 66 lakhs and Rs 87 lakhs respectively. A token provision of Rs 5 lakhs has been made for these Medium Irrigation Schemes and this will be stepped up in the course of the year with reference to the pace of execution.

Animal Husbandry.

16. In our present drive for all-round improvement in production, we should also bear in mind the need for stepping up subsidiary foods such as milk. From this point of view, therefore, our Animal Husbandry Programme acquires special importance. A provision of Rs 55·56 lakhs has been made in the Annual Plan for 1963–64 for the various schemes of Animal Husbandry Department. The Key Village Schemes are making satisfactory progress and we are making adequate provision for continuance and expansion

of these schemes. It is proposed to start four new Key Village Blocks during 1963–64 and an overall provision of Rs 10·50 lakhs has been made for the scheme in the Budget. As part of our programme for improvement of facilities for Veterinary Aid, we have provided for the opening of Thirty Veterinary Dispensaries during 1963–64. Our ultimate aim is to have one dispensary for each Block. Increased production of eggs is important both for civilian and Defence Consumption. Schemes for supply of pedigree birds and equipment are being continued with increased financial provision. It is proposed to establish four Poultry Extension Centres during 1963–64. On the whole, a provision of about Rs 8·5 lakhs has been made for different schemes of Poultry Development.

Dairying and Milk Supply.

17. The comprehensive scheme drawn up for improvement of supplies of milk to the Madras City has recorded a fair measure of success. We have established a cattle colony at Madhavaram on the outskirts of the Madras City and there are now over 3,000 animals in the colony. Apart from the production in the colony, milk is also collected from producing centres in adjoining rural areas. The Milk Project has also started getting supplies from Erode and these will eventually be stepped up to 25,000 litres per day. The Central Dairy at the Colony is now processing 25,000 litres of milk a day for supply to the City but will eventually handle 75,000 litres. By thus providing an assured market in distant urban centres for milk and milk products, we will also be stimulating production of milk in rural areas. We have also provided about Rs 37 lakhs for grant of loans to milk-supply co-operatives for purchase of milch animals. We have also proposed to implement a scheme for improvement of milk-supplies in Madurai City at a

cost of Rs 78 lakhs. Towards this scheme, UNICEF are supplying free of cost equipment worth Rs 31 lakhs. Under this scheme, milk is to be supplied to about 12,000 low-income families at subsidised prices. To expedite the preliminary works connected with the implementation of this scheme, the Government have recently sanctioned special engineering staff.

Fisheries.

18. Increased allocation has been made for schemes of development of fisheries. A provision of Rs 58·58 lakhs has been earmarked for these schemes in the Annual Plan for 1963–64. As part of our long-term plan for modernisation of fishing gear and equipment, we have allotted about Rs 25 lakhs for supply of improved fishing boats. The target of 100 boats for the year 1963–64 should not be difficult as we expect the boat building yard at Royapuram to start functioning shortly. We also propose to distribute Rs 3 lakhs worth of nylon nets to fishermen in 1963–64. As the manufacture of synthetic twine has now been taken up in India, foreign exchange may not impede the implementation of this programme. Along with mechanisation of fishing boats, we should also arrange facilities for the safe anchoring of these boats and have therefore taken up a programme of fishing harbours. The work on the Cuddalore fishing harbour is now practically over, while the work in respect of the Nagapattinam harbour will be completed in the next financial year. The House will also be glad to learn that the activities of the Indo-Norwegian Project for improvement of Indian fisheries will now be extended to the Madras State. Under this project, we expect to receive assistance for establishment of a Boat Building Yard. We also expect to receive Marine Diesel Engines and accessories and machinery for Cold Storage Plants.

19. All our schemes for stepping up production in the rural sector will depend on provision of timely and cheap credit. We have made a provision of Rs 200 lakhs for grant of takkavi loans to cultivators in 1963–64, besides a sum of Rs 60 lakhs for grant of short-term loans for purchase of fertilisers. But the Government's policy is to encourage the provision of credit increasingly through co-operative agencies. It is expected that by the end of 1963–64 the co-operative credit societies would cover 80 per cent of the rural population and the credit provided by them in various forms to the agriculturists will be stepped up from Rs 34 crores in the current year to Rs 40 crores in the next. The Full Finance Scheme which is now in operation in 103 blocks will be extended to 70 additional blocks in the coming year. It is necessary to ensure that co-operative agencies extend credit to all agricultural producers and not merely to those who own lands and can thus offer tangible security. With a view to reassure the co-operative societies and Central Banks against the risks inherent in such a scheme for liberalisation, Government have made a provision of Rs 22 lakhs in the Budget for 1963–64 for contribution to the Special Bad Debt Reserve of Primary Credit Societies and Central Banks. Co-operation.

20. The Government have also recognised the important part which co-operatives can play in stabilising price levels of essential articles in the present context. They have therefore initiated a programme of organisation of a network of consumers' co-operatives in all towns with a population of more than one lakh. These co-operatives will be linked to District Supply and Marketing Societies, which will procure commodities in bulk at favourable prices. Government have provided all these Consumer Co-operatives.

consumers' co-operatives with assistance towards share capital and working capital and also with subsidies towards managerial expenses. The scheme will be financed largely by the Centre. The Government have also sanctioned a scheme for organisation of 150 consumers' co-operatives for industrial workers and plantation labour in industrial establishments and plantations having 250 and more workers.

Industrial Development: Private Sector.

21. In the sphere of industrial development, the State has continued to follow a pragmatic policy of assisting the private sector in setting up new industries. The primary agency for canalising such assistance to the private sector has been the Madras Industrial Investment Corporation. In the current year, the Corporation has assisted a number of industries with long-term loans for expansion. It has also promoted new ventures by under-writing issues of share capital. In 1962, the Corporation assisted a wide range of industries with loans to the extent of Rs 3,16 lakhs. On the basis of licences granted in the past year, special efforts have been made during the current year by industrialists in the private sector to implement licences obtained by them. An Alloy Steel Plant in the private sector in Salem district is expected to go into production shortly. Two units have been licensed for the manufacture of sugar machinery. In the field of chemical industries, the two units licensed for production of caustic soda and other chemicals, viz., Dharangadara and Mettur chemicals, are taking steps for increasing their production. Among the fertiliser factories, the factory in Ennore commenced production of superphosphate in August 1962. Another unit at Cuddalore is expected to commence regular production shortly. The third unit at Coimbatore will go into production by July 1963. Besides, Parry's have commenced production of ammonium phosphate recently.

22. The House is aware that State Government have in recent years assisted in the establishment of a number of co-operative sugar factories. The Salem Co-operative Sugar Mills is expected to be completed and go into production by August 1963. We have provided assistance by way of share capital to the two co-operative sugar factories at Kallakurichi and Samayanallur in the current financial year. A provision of Rs 10 lakhs has been made in the next year's Budget for participation in the share capital of co-operative sugar factories. Of the other major industries in the private sector, the Paper Mills of Seshasayee have gone into production while the cement factory under erection at Sankaridrug in Salem district will go into production in the coming year. A letter of approval has also been granted for the establishment of another cement factory near Karur. The Rayon factory of the South India Viscose, Limited, Coimbatore has gone into full production and has proposed to increase its production capacity further.

Public Sector.

23. The major industrial project in the public sector is the Integrated Neyveli Lignite Project, which envisages utilisation of the extensive deposits of lignite in South Arcot district. The lignite is to be utilised, among other things for generation of Thermal power to the extent of 250 M.W. in the first stage and this is to be stepped up to 400 M.W. in continuation. The first unit of Thermal Power Station under this scheme was commissioned in August last and up to December in the current year, had fed 142 million units into the Madras Grid. The second unit was commissioned on the 23rd January 1963 while work on the erection of the third and fourth units is in progress. In respect of the Fertiliser Plant under erection with Italian collaboration, civil works are in progress.

The erection of the main plant and equipment is expected to commence in April 1963. Civil Works in respect of briquetting and carbonising plant are also under various stages of construction.

24. Honourable Members are aware that we have been exploring the possibilities of setting up a Steel Unit in the State based on Neyveli Lignite and Salem Iron-ore. The large-scale tests conducted in this regard in East Germany and Norway have yielded successful results and have established the feasibility of the project. On the basis of these tests, the Government of India have decided to proceed with the preparation of a detailed Project Report for a Half-Million Ton Steel Plant and the preparation of the Project Report has been entrusted to Messrs. Dastur and Company of Calcutta. Their report is expected to be submitted to the Government of India in the latter half of 1963. The State Government are giving the Engineers all assistance in carrying out their assignment and are conducting various surveys indicated by them for the collection of data.

25. The Teleprinter Factory at Guindy which has been set up with Italian collaboration is now engaged in assembling of teleprinters and is expected to achieve the target of 850 teleprinter machines. The indigenous manufacture of components is being progressively stepped up, the present level being about 50 per cent.

26. Appreciable progress has also been recorded in the establishment of the Raw Film factory in Nilgiris with French collaboration. This project is estimated to cost nearly Rs 7½ crores, of which machinery alone will account for over Rs 3½ crores. Civil Works connected with the Project are in progress

and the French collaborators have already shipped machinery worth Rs 1,23 lakhs. The Engineers and Scientists intended for the Project have also returned after a course of training in France.

27. Another important project undertaken by the Centre is the High Pressure Boiler Plant at Tiruchirappalli. About 1,750 acres of patta lands and 2,400 acres of poramboke lands have been made available for this Project. Tenders have been almost finalised for erection of the factory and machinery from Czechoslovakia is expected in a few months.

28. The House will also be glad to know that the State Government are rendering substantial assistance in the establishment of certain Defence Industries at Avadi. These will eventually require about 3 Million Gallons of Water daily. The requirements of other industries in the suburbs of Madras are also growing. In order, therefore, to meet these needs without detriment to the regular supplies of water to the City, the Government have taken steps for the acquisition of 7,500 acres of wet lands under Sholavaram and Red Hills lake, so that water so conserved could be made available to the Defence Industries Project at Avadi and other important industries. A provision of Rs 1,75 lakhs has been made in the Budget for 1963–64 for this programme of acquisition and another Rs 58 lakhs for the transmission of the water to the project sites at Avadi. The Ministry of Defence is also setting up a factory for the manufacture of Marine Diesel Engines at Ennore, for which we have already acquired about 70 acres of land. About 110 acres belonging to the State Government and Southern Railway will also be transferred to the Project.

Power.

29. The gearing of industrial production to meet requirements of defence will depend largely on the availability of power. Out of the total five-year outlay of Rs 2,91 crores, a little over Rs 1,00 crores have been earmarked for development of power. Though there has been appreciable improvement in the installed capacity of the grid during the last two Plans, the demand for power has outstripped the supply. Steps have therefore been taken to accelerate the execution of power schemes. Against the original provision of Rs 18·5 crores for power in 1962–63, the revised outlay is expected to be of the order of Rs 19·34 crores. In the Annual Plan for 1963–64, the provision for Power schemes has been stepped up still further to Rs 20·75 crores. Civil works of the final stage of the Kundah-Hydro-Electric project, intended to generate an additional supply of 240 MW in this Plan period are in progress according to schedule and the project will be commissioned during the course of 1964–65. Civil works on the Mettur Tunnel Scheme First Stage involving utilisation of irrigation discharge from the Mettur Dam to generate 100 MW of power are in advanced stage of progress and the machinery and equipment intended for the project have started arriving from the U.S.S.R. The generating units are expected to be commissioned during 1964. The House will be glad to know that the Planning Commission has recently approved the Second Stage of the Mettur Tunnel Scheme with a further installed capacity of 100 MW, even though this part of the scheme had not originally been included in the Third Five-Year Plan. Orders for equipment and machinery required for this extension have also been placed with the U.S.S.R.

The work on Parambikulam-Aliyar Hydro-Electric Scheme is gathering momentum and orders for generating machinery for Sarkarpathi and Sholayar Power House Schemes have already been placed. At the beginning of the First Plan, the consumption of power in the State was of the order of 12 units per capita, whereas at the end of December 1962, it had increased to 70 units per capita. In the Annual Plan for 1963–64, a sum of Rs 5 crores has been provided for rural electrification. By January this year over 14,000 towns and villages and hamlets had been electrified and 158,000 pump-sets connected.

30. As I observed earlier, in spite of the increase in the installed capacity including the two Thermal Units recently commissioned at Neyveli, the demand for power is in excess of the available supply and the position may need a close watch in the coming summer months, as the storage position in the reservoirs is not too satisfactory. The Mettur Reservoir had to be depleted to complete the work in respect of the Mettur Tunnel Scheme and the Mettur Power Station may go out of commission during the ensuing summer. In order to conserve the power available for defence-oriented industries, the Government have imposed some restrictions on power consumptions for non-essential purposes.

31. The Government have constantly been exploring possibilities of taking up new power schemes in the State. The Kodayar Hydro-Electric Scheme in Kanyakumari has been investigated and sent to the Planning Commission for approval. The

scheme envisages a total installed capacity of 75,000 KW and will cost Rs 7·8 crores. We would endeavour our best to take up the scheme in the Third Plan itself. Another Major Hydro-Electric Scheme which is at present being investigated is at Hogenakkal on the river Cauvery. The scheme which will cost Rs 58 crores has a power potential of 800 MW. The investigation and execution will need the concurrence of the Mysore Government and it is hoped that it would be possible to reach accord with that Government at an early date. In view of the heavy dependence of our grid on irrigation discharges with consequent power shortages in summer months, this Government have been urging on the Government of India to establish a nuclear thermal station in Madras State. They have accepted our case and it is now expected that the third nuclear power station in the country will be located at a place near Mahabalipuram in Madras State.

Technical Education.

32. The capacity of our industries to meet the growing requirements both of civilian consumption and defence will depend largely on the availability of trained man-power. The present National Emergency has underlined the need for accelerating our schemes for technical education. At the commencement of the First Plan, the annual admissions in engineering colleges in our State were of the order of 437. This has now been stepped up to 1,157. Proposals are now under consideration for increasing the admissions still further from 1,157 to 1,482 in view of the needs of defence forces and defence-oriented industries. Part of this increase will be met by the introduction of 3-year degree courses in engineering colleges for B.Sc. students.

The Government are also considering the question of starting part-time courses for diploma candidates who wish to qualify themselves for an engineering degree. The Government have also decided to start a new Engineering College at Salem. The site has been selected and steps taken for acquisition of the lands. Active steps have also been taken to start a Regional Engineering College at Tiruchirappalli during 1963–64. This is a Centrally Sponsored Scheme and gets substantial assistance from the Centre. About 400 acres of land have been acquired and a special division is in charge of construction of buildings. This college will have an initial strength of 120 students and will be stepped up to 250 as soon as practicable.

33. There has been a similar increase in the training facilities at the diploma level. While at the commencement of the First Plan, there were only 9 Polytechnics with an in-take of 622 students, we have 24 Polytechnics now with an in-take of 2,910. Two new Polytechnics are proposed to be started during 1963–64, of which one will be at Tiruchirappalli. The Government are also contemplating certain proposals for increasing the admissions in existing Polytechnics. Two new Women's Polytechnics will also be started during the year. A provision of about Rs 12·5 lakhs has been made for Women's Polytechnics in the Budget for 1963–64. In the Central Polytechnic at Adyar, a Diploma Course in Chemical Technology will be started in 1963–64 to train the personnel needed for our growing chemical industries. Government have also under consideration proposals for starting courses for the benefit of those who are actually employed in industries.

Craftsmen Training.

34. We have set up a number of Industrial Training Institutes for training skilled workers and operators. At the commencement of the Third Plan, we had facilities only for training 3,368 craftsmen and now with the opening of additional Industrial Training Institutes, opportunities have been created for training a little over 2,000 craftsmen in addition. We have now 22 Industrial Training Institutes and it is proposed to establish two more Institutes at Ulundurpet and Tiruvannamalai from August 1963. Besides, provision has been made in the Budget for 1963–64 for three more Industrial Training Institutes, of which one will be located at Pudukkottai and another at Tuticorin. We have also started short-term courses for training craftsmen in both the Industrial Training Institutes and Engineering Colleges for meeting the requirements of the Defence Forces.

Small-scale Industries.

35. Heavy Industries alone can never provide adequate opportunities for our growing population. The pattern of development in other countries like Japan has shown that in conjunction with heavy industries, we should also have a net work of small-scale industries. These small-scale industries have also a great part to play in meeting the requirements of Defence Forces. The State Government have sought to encourage the establishment of small-scale industries by setting up a number of model-*cum*-production training centres and also industrial estates with provision for factory space, power and water facilities for a number of scale industrial units. Of the various industrial estates contemplated during the Third Plan period, construction of buildings is now in progress at Theni, Vriddhachalam, Karaikudi, Pudukkottai, Dindigul and Ambattur. Acquisition of land has been completed at Koilpatti and Krishnagiri.

Forty-one units were under various stages of construction in the industrial estates in 1962–63. Construction of 100 additional units will be taken up in 1963–64. In the coming financial year, we have proposed to establish three new industrial estates to be located at Nagercoil, Kumbakonam and Sivaganga respectively. We have also acquired about 600 acres of land at Ambattur for the provision of well developed plots at reasonable cost to private industrialists. An industrial estate with 70 units is also to be set up in this block of land and of this, construction has already started in respect of a few units. The two cycle assembling units at Vellore and Thanjavur are making satisfactory progress. They will also start manufacturing some of the components in the coming year. Two more cycle assembling units are to be started in 1963–64 at Krishnagiri and Tuticorin respectively and provision has been made for the same in the Budget. We are also taking steps for the expansion of the General Engineering Workshops at Rajapalayam and Kumbakonam and of the Farm Implements Unit at Tiruchirappalli.

36. To meet the requirements of working capital of small-scale industries both in the co-operative and private sectors, the Government have established an Industrial Co-operative Bank at the Industrial Estate, Guindy. The Government have contributed Rs 10 lakhs towards the share capital of the bank. The bank started functioning in the current year and has already disbursed credit to a few small-scale industrial units. The bank will have to mobilise additional resources by way of deposits from the public

and to this end, the Government have guaranteed the repayment of principal and interest on deposits accepted from the public.

Handlooms. 37. In formulating their policy in regard to industrial development, Government have not also overlooked the interests of Cottage Industries like the Handloom, which provide employment to a very large number of people. We have made a provision of Rs 8,00 lakhs in the Third Five-Year Plan for the development of the Handloom Industry and the Schemes are being implemented according to schedule. A provision of Rs 1,38 lakhs has been made for this sector in the Budget Estimates for 1963–64. With a view to ensuring steady supply of yarn of good quality at fair prices to Handloom Industries, Government have been encouraging establishment of Co-operative Spinning Mills in the State by substantial contributions in the form of share capital to such mills. They have so far invested Rs 48·78 lakhs in the four Co-operative Spinning Mills at Tirunelveli, Nazereth, Srivilliputhur and Salem. During the current year, Government have sanctioned Rs 10 lakhs for investment in the Co-operative Spinning Mills under organisation at Kancheepuram. Another sum of Rs 10 lakhs will also be invested in the Madurai Co-operative Spinning Mill before the close of the financial year. A provision of Rs 30 lakhs has been made in the Budget Estimates for 1963–64 for further contributions towards share capital of other Co-operative Spinning Mills now under organisation. In recent months, there has been some accumulation of stocks in the Handloom Industry. In order to relieve the difficulties of Weavers' Societies, the State Government sanctioned

a working capital loan of Rs 50 lakhs to the State Handloom Weavers' Co-operative Society for procuring goods from its primaries. Government have also recently sanctioned financial assistance towards grant of a special rebate for a fortnight for promoting sales of handloom goods. This special rebate may entail an additional expenditure of Rs 10 lakhs. We may hope that the stagnation in the handloom industry is only temporary and that as the Defence efforts of the country gather momentum, there will be improvement in the demand for cloth of all description, both mill and handloom.

38. In re-adjusting the priorities in the Plan, we have taken care to maintain the present tempo of development in respect of schemes relating to Education. Honourable Members are aware that the expenditure on Education has registered a steady increase during the last few years and now constitutes the largest single item of development expenditure in the State's Budget. Our expenditure on Education at the commencement of the Second Plan in 1955–56 was Rs 10·82 crores while in the Budget Estimates for 1963–64, this is as high as Rs 27·58 crores. The outlays on Education are in the nature of a social investment and it will be inadvisable to slow down further development in this field on account of temporary difficulties due to the National Emergency. By 1962–63, compulsory primary education has been extended to cover all areas in the State and in the current year alone 4 lakhs of additional pupils of the age-group 6—11 have already been enrolled. For the next year, it is anticipated that 3 lakhs of pupils will be admitted in elementary schools. Apart from Education.

the current general awareness of the value of education, one of the most important factors responsible for this rapid spread of the scheme of compulsory education is the provision of mid-day meals to poor pupils in elementary schools. An allotment of Rs 1,35 lakhs has been made in the Budget for 1963–64 for further continuance of the scheme. The House will also be glad to know that the CARE organisation are continuing their generous assistance towards enriching the quality of mid-day meals scheme as now implemented in the State. During the current year, Government will be receiving 10·5 million pounds of cornmeal and 8 million pounds of milk powder under the programme and have provided for an expenditure of Rs 13·06 lakhs on the scheme for distribution of these commodities. The major responsibility for proper implementation of elementary education programme now vests in the panchayat unions, but a substantial measure of financial assistance has been provided to them in the Budget Estimates. A sum of Rs 11·13 crores will be disbursed as grants to the panchayat unions towards expenditure on elementary education.

Secondary Education.

39. The expansion of elementary education has naturally also led to a demand for enlargement of the present facilities for secondary education. In particular, the number of pupils seeking admission in high school classes has increased with the implementation of Government's policy of free education up to the Tenth Standard. The Government have met this demand to a very large extent as can be gauged from the fact that during the last two years alone 480 new high schools have been opened. A provision of Rs 6,52 lakhs has been made for secondary education in the Budget Estimates for 1963–64 as compared

with 5,70 lakhs in the Revised Estimates for the current year. As regards collegiate education, provision has been made in the Budget for 1963-64 for the opening of a women's college at Kumbakonam.

Medical and Public Health.

40. In our Plan as now re-oriented, we have naturally had to adopt a more selective approach in regard to Social Service Programmes. Even so, an allocation of Rs 5,06 lakhs has been made for medical and public health schemes in the Annual Plan for 1963-64. But the main factor militating against further expansion of these programmes is shortage of trained personnel. There has been very encouraging response from medical personnel in our State for taking up Emergency Commissions in the Army. Though we should all be happy about this trend, it should also be remembered that with this diversion of medical personnel to Defence Forces, we may have to go a little slow with the opening of new medical institutions in rural areas. I may, however, assure the House that this set-back will be purely temporary, as we are simultaneously taking action for stepping up facilities for training of medical and para-medical personnel. We are initiating action for increasing the admissions in medical colleges from about 600 to 700 per annum. We have decided to start a new full fledged Medical College in a mofussil centre with which the present Medical College at Kilpauk with only a limited strength will be merged. The internee training has been replaced by Housemanship for one year and it is also proposed to hold the final M.B.B.S. Examination thrice in a year. We have also sanctioned a scheme for training of 400 additional nurses in select hospitals. Besides, programmes for training 100 additional pharmacists and 135 auxiliary nurse-midwives have also been taken on hand.

Housing.

41. The Government have reviewed their housing schemes in the light of the imperative need to conserve scarce materials like cement and steel, so essential for Defence purposes. While all schemes, which have already been taken on hand will be pursued vigorously and completed, we may have to adopt a more cautious policy in regard to new schemes. Even so, a provision of about Rs 77 lakhs has been made for the different housing schemes in the Plan. We are in particular pressing on without any cuts programmes for slum improvement for which a sum of Rs 60 lakhs has been allotted. We are also proceeding with the scheme for bulk acquisition of land in the neighbourhood of important cities like Madras, Madurai, Tiruchirappalli and Coimbatore, so that we may push through the housing schemes later when resources become available. One of the main factors inhibiting housing schemes has been the high prices of bricks in Madras City and elsewhere. The Government have therefore decided to set up two fully mechanised units for manufacture of bricks in the public sector. One of these will be operated by the Madras State Housing Board and the other by the State Industries Department. A token provision has been made in the Budget for these schemes.

Welfare of Backward Classes.

42. The welfare of Backward Classes continues to be the special concern of the Government. In the Budget Estimates for 1963–64, a provision of about Rs 3,90 lakhs has been made for schemes relating to welfare of Harijans and Backward Classes. Of this, a sum of Rs 1,10 lakhs has been earmarked for disbursement of scholarships. Government also

attach considerable importance to the provision of suitable house-sites to Harijans and have accordingly allotted a sum of Rs 23·5 lakhs in the Budget Estimates.

43. Another scheme of Social Welfare on which, the Government are now incurring substantial expenditure is the Old Age Pension Scheme. As I indicated to the House while presenting the first Supplementary Estimates last month, we had originally anticipated that the expenditure on the scheme may be of the order of only Rs 25 to 30 lakhs in the light of the experience of the working of the scheme in other States. However, 40,000 persons have already been admitted to the benefits of the scheme and provision has accordingly been made for Rs 1,22 lakhs in the Budget for the next year. I am sure that the House will not grudge the additional expenditure now anticipated on the scheme. Old age Pension.

44. We are now in a position to review the progress in the implementation of the Plan as a whole. From the Budget Estimates for different schemes of development as now presented to the Legislature, a Plan of about Rs 59·83 crores emerges. From the details of the 'schemes under different schemes furnished by me, it will be noted that in spite of a cut in Central assistance to the extent of Rs 4 crores, we have made adequate provision for all important schemes. In 1961–62, we had fulfilled a Plan of the order of Rs 50 crores. From the Revised Estimates for the current year now before the House, the anticipated expenditure in the current year for the Plan is found to be Rs 58·32 crores. With the provision of Third Five-Year Plan Progress.

Rs 59·83 crores in the Budget Estimates for 1963–64, it will be evident that by the end of the third year, we would have fulfilled about 58 per cent of our Plan, The National Emergency has imposed new burdens on us, but even so, we have managed to make adequate provision for all the essential schemes in our Plan. If in spite of the cut in Central assistance of Rs 4 crores, we are able to fulfil our Plan without any shortfall it is largely due to the prudent policy which we have followed over the years of keeping all non-essential expenditure to the minimum. We have taken steps to effect economies in Stationery, Travelling Allowance and Contingent expenditure. We are also resisting demands for additional staff, except where they are required for Plan schemes or defence efforts. It is only by conserving our resources in this manner in a period of exceptional strain that we can fulfil the Plan, which is so vital for our economic growth.

Revised Estimates for 1962–63.

45. I shall now indicate briefly the broad figures relating to the Revised Estimates of the current year and the Budget Estimates for the next. In June last, I had estimated the receipts for the current year at Rs 1,13·15 crores inclusive of the yield from certain measures of additional taxation, while the expenditure was estimated at Rs 1,16·01 crores. The Revised Estimates indicate that the receipts and expenditure on Revenue Account would be Rs 1,17·10 crores and Rs 1,20·02 crores respectively, leaving a revenue deficit of Rs 2,92 lakhs. Honourable Members will be interested to know the yield from various measures of additional taxation proposed by me in the last Budget. I had then anticipated that we would secure from these measures of additional

taxation, a revenue of the order of Rs 7,15 lakhs. Of the measures announced in the last Budget those relating to enhancement of water-cess and levy on urban land are yet to take effect. Further, in respect of some of the measures like the Motor vehicles taxation, we had to extend certain concessions before the proposals became law. Also the tax on consumption of energy has not yielded as much as we expected in view of the concessions given in respect of new industries and consumers in the Madras Thermal area. It is now anticipated that the additional yield from new taxation announced in the last Budget would be only Rs 4,80 lakhs during the current year. The shortfall under the new taxes has to some extent been compensated by increases under our normal sources of revenue like sales tax and interest on loans including the loans to the Electricity Board. The increase in expenditure in the Revised Estimates is largely on developmental heads, like Education (Rs 1,53 lakhs), Medical (Rs 50 lakhs) and Industries (Rs 1,08 lakhs). On the non-Plan side, there has been increase in expenditure under two main heads, Police and Old Age Pension. As regards Capital Expenditure, the figures in the Revised Estimates (Rs 18·82 crores) almost correspond to the original Budget Estimate of Rs 18·85 crores. Due to favourable market conditions, we were able to secure Rs 13·13 crores from our Open Market Loan as against only Rs 10 crores anticipated earlier. The increase under this head has been partially offset by the shortfall under Small Savings. The Ways and Means position during the current year has not been comfortable. However, we expect the year to close with a cash balance of Rs 73 lakhs.

Budget for 1963–64.

46. Turning now to the Budget Estimates for 1963–64, I place the receipts under Revenue Account at the current levels of taxation at Rs 124·45 crores and the expenditure on Revenue Account at Rs 127·19 crores. This will result in a revenue deficit of Rs 2,74 lakhs. In fixing our estimates, we have allowed for a measure of growth from our existing sources of revenue, like Sales Tax, Stamp Duties, etc. We have also taken credit for about Rs 9 crores as likely yield from the additional taxation measures introduced in the last Budget. Even so, in view of the rising tempo of expenditure on Plan Schemes and the new commitments arising from the National Emergency, we are left with a revenue deficit of Rs 2,74 lakhs.

47. In spite of the substantial deficit on revenue account, I am not proposing any measures of additional taxation. The Central Government have decided on an increase in the rate of Central Sales Tax. This tax is levied by the Centre, but collected and appropriated by the States. We may expect a portion of the revenue deficit to be covered by the additional yield from this taxation. The State Governments have in recent years been following a policy of ensuring uniformity in the rates of sales tax on certain luxury articles, like motor cars, cameras, etc. We may, in pursuance of this policy, have to adjust our own rates of sales tax on these luxury articles, if the other State Governments revise their rates of sales tax on these commodities. A little additional revenue may be expected in this process of adjustment in the rates of sales tax on luxury goods.

48. While the deficit in the Revenue Budget which I have left uncovered need therefore cause us no undue concern, it will be only prudent to bear in mind that our ways and means position will continue to be difficult in the year to come. We are opening the year with only a small cash balance—the smallest in recent years. Apart from an investment of Rs 20·75 crores in Power programme, which will be financed by the Electricity Board partly from its own resources and partly with a loan of Rs 9 crores from the State Government, we have on hand a big capital programme of Rs 18·87 crores. Some of these programmes, such as those for provision of water supply to Madras City and its industrial environs are closely connected with our industrial development and defence effort. These programmes cannot brook any delay and should not suffer for want of resources. We have also large repayments of loans falling due in the next year. We may not ourselves be raising an open market loan in the coming year, for it is expected that the Government of India might float a consolidated loan covering their own and the States' requirements. We should under this arrangement get about Rs 13·13 crores, equivalent to our open market loans in the current year. Apart from this, our Electricity Board should be able to raise successfully a loan of about Rs $3\frac{1}{2}$ to 4 crores for meeting part of the outlay on power programmes. Even so, we will still have a substantial amount to raise in the form of Small Savings collections from our people. Our record of collections in regard to Small Savings in the first two years of the Plan has not been quite satisfactory. In the current year, we hope to secure only Rs $1\frac{1}{2}$ crores from this source as against our original estimates of Rs 3 crores. We have Ways and Means.

recently taken certain steps for revitalising the Small Savings movement in the State, particularly in the rural areas. Panchayats and Panchayat Unions have now been closely associated with the programme and the administrative machinery has also been suitably strengthened. But the Small Savings programme should become a mass movement involving every family in the country. Increased savings are as much in the interest of the family as in the interest of the nation. This is, therefore, a field in which private and public interests coincide. In thus shaping public opinion in favour of larger savings, all of us in this House have an important part to play.

Conclusion.

49. The proposals embodied in this Budget have to be necessarily viewed against the background in which it has been framed. Our Budget has become during the last few years an instrument for the fulfilment of our Plans. To-day, it has to subserve another end which is no less important, *viz.*, National Defence. While placing the Third Five-Year Plan before the public of this country, our planners had realised that its successful fulfilment will depend on the maintenance of international peace. Under our great leader, we have ourselves been playing a very important role in fostering the conditions in which such peace can be maintained. It is all the more unfortunate therefore that there should have been aggression on our soil. In meeting the challenge posed by this aggression, we may no doubt get help from friendly countries. But the main burden involved in strengthening our defences and mobilising the country against any possible aggression in future will rest with us. This follows from our position as a self-respecting and

independent country. While thus preparing ourselves against external aggression, we cannot lose sight of our long-term objective of strengthening our economy and thereby assuring better and improved standards of living to our people. There cannot be any conflict between these two important objectives of defence and development. But the pursuit of these two objectives will call for mobilisation of all our resources—human and material—and we cannot, as a free country, grudge all the sacrifices involved in such mobilisation. Events during the last few months have given ample evidence of our unity of purpose and willingness to sacrifice to preserve our self-respect and hard-earned freedom. The spontaneous enthusiasm with which people of all ranks, particularly the poor, have contributed to the National Defence Fund and offered their services in various forms of activities connected with defence, gives warrant for the hope that given a proper lead, we shall not falter, and that the resources necessary both for defence and development can be raised. We in this House, the elected representatives of the people, have at this hour a sacred duty to direct the energy of people of all ranks, at work—in fields and in factories—towards ensuring a faster rate of growth so that our economy can meet the demands made on it by defence and development. I have no doubt that Honourable Members will keep these considerations in view in considering the Budget proposals which I now commend for their acceptance.

MADRAS,
1st *March* 1963.

M. BHAKTAVATSALAM,
Finance Minister.